Albany County Debt Policy

Section 1 -Purpose & Overview

The purpose of the Albany County Debt Policy (the "Debt Policy" or "Policy") is to help ensure that all debt issued by Albany County, New York (the "County") is issued both prudently and cost effectively. The Debt Policy sets forth comprehensive guidelines for the issuance and management of all debt financings of the County. Adherence to the Policy is essential to ensure that the County maintains a sound debt position and protects the credit quality of its obligations.

Section 2 - Roles & Responsibilities

The roles and responsibilities of the various County officials and departments are briefly described as follows:

County Executive

The Albany County Executive (the "County Executive") shall make a recommendation to the Albany County Legislature (the "Legislature") on all requests for action on financings based on requests from elected officials or department heads or in accordance with the County's Capital Improvement Plan (the "CIP").

County Comptroller

The Albany County Comptroller (the "County Comptroller"), as delegated by the Legislature pursuant to the Bond Resolutions, shall determine the financing structure necessary to fund the County's various capital needs. The County Comptroller will determine which of the following financing structures is appropriate: (a) long-term bond debt, (b) short-term note debt, or (c) alternative debt. Upon the determination of a financing structure, the County Comptroller will select a debt repayment term that is permitted under the NYS Local Finance Law and consistent with this Policy.

The County Comptroller shall coordinate and oversee the activities and services required for the issuance of debt, in consultation with required professionals and other service providers.

The County Comptroller shall represent the County in meetings and discussions with any rating agencies.

The County Comptroller shall represent the County at all closings for issuance of debt issued by the County.

The County Comptroller shall coordinate with the County Commissioner of Management & Budget (the "Commissioner") to ensure that all debt service items are included in the annual budget.

The County Comptroller shall determine the method of sale, as outlined in Section 6 of this Policy, and the timing of such sale best suited for each issue of debt authorized by a bond resolution approved by the Legislature.

The County Comptroller shall select the municipal advisor and the bond underwriter, for negotiated sales, pursuant to a request for proposal process, consistent with the policies and procedures of the County. For competitively sold debt, the County Comptroller will make the award to the lowest, responsible bidder.

The County Comptroller shall act as the County's liaison to the County's municipal advisor and/or bond underwriter.

The County Comptroller shall receive any bond and note proceeds on behalf of the County and coordinate with the Commissioner to ensure that the fiscal agent receives funds for payment of debt service on or before the debt service payment date.

The County Comptroller shall coordinate with bond counsel to ensure that bond counsel has reviewed all documents related to the issuance of debt and that, in the opinion of the bond counsel, all debt to be issued by the County is issued in compliance with the Local Finance Law, other applicable New York law and all applicable tax laws.

The County Comptroller shall, pursuant to its individual duties dictated under the County Charter and other related authority, (a) monitor the County's financial status, and (b) evaluate the impact of capital spending, operations, and debt service on the financial condition of the County. The County Comptroller shall coordinate such monitoring and evaluation with the Commissioner.

The County Comptroller shall provide the County Executive and the Commissioner with appropriate information for the Commissioner's agenda items necessary to adopt debt issuance resolutions.

County Commissioner of Management & Budget

The Commissioner will prepare a cash flow analysis in connection with the CIP prepared and submitted by the County Executive and, in connection with the preparation of such analysis, will determine the amount of net proceeds needed to fund the respective projects and costs of issuance and deliver such determination to the County Comptroller. The Commissioner shall coordinate with the County Comptroller regarding the preparation of the cash flow analysis.

The Commissioner shall coordinate with the County Legislature in connection with the preparation of bond resolutions and other actions necessary to authorize the issuance of debt.

The Commissioner shall coordinate with the County Comptroller to ensure that all debt service items are included in the annual budget.

The Commissioner shall, pursuant to its individual duties dictated under the County Charter and other related authority, (a) monitor the County's financial status, and (b) evaluate the impact of capital spending, operations, and debt service on the financial condition of the County. The Commissioner shall coordinate such monitoring and evaluation with the County Comptroller.

Section 3 -Governing Principles

Any action taken in the issuance of debt must be in accordance with the authority listed below. Issuance by the County of debt is governed by the New York State Constitution and Local Finance Law and other state law.

Article VIII, Section 4 of the New York State Constitution provides that no County, city, town, village or school district shall contract indebtedness which, including existing indebtedness, shall exceed seven percent (7%) of the five-year average full valuation of taxable real estate therein.

The County will utilize long-term borrowing only for capital improvement projects that cannot be financed from current revenue sources or when short term capital debt, i.e., bond anticipation notes, are not considered a more attractive funding alternative as determined by the County Comptroller.

In connection with the consideration by the County Comptroller of funding alternatives, the County Comptroller will consider state and federal funding sources with consultation and coordination with the Commissioner. Examples of alternative funding sources include the financing programs offered by the NYS Environmental Facilities Corporation and the Dormitory Authority of the State of New York.

With the assistance of bond counsel and the County's municipal advisor, when financing capital projects through the issuance of debt, the County will pay back the debt in a period not exceeding the assigned useful life or weighted average maturity of those projects being funded.

Actions taken in the issuance of debt shall be guided by:

(1) The County Charter

(2) The General Municipal Law

(3) The Local Finance Law

(4) The County General Fund Balance Policy

(5) The Investment Policy for the County

(6) The Code of Ethics and Financial Disclosure Law of the County

Section 4 -– Debt/Credit Rating Objectives

The County will seek to maintain the highest possible credit ratings for all categories of debt that will not compromise delivery of basic County services and achievement of the County's policy objectives. It shall be the County's goal to maintain at least one long-term general obligation bond rating in the "double-A" category by at least one of the three major credit rating agencies, namely Fitch Ratings, Moody's Investors Service or S&P Global Ratings. Any change to the minimum credit quality level goal for the County shall be established by the Legislature by resolution.

Section 5 -Purpose, Type, & Use of Debt

In the issuance and management of debt, the County shall comply with the New York State Constitution, New York State Local Finance Law and with all other legal requirements imposed by federal, state, and local rules and regulations as applicable.

General Obligation Debt ("GO") debt is secured by the full faith and credit of the County, meaning that there is an obligation to levy taxes in an amount necessary to pay debt service, principal and interest, coming due each fiscal year. Debt service is intended to be paid from General Fund revenues and taxes collected by the County.

Revenue Bonds or Obligations are used to finance construction or improvements to facilities of enterprise systems operated by the County, in accordance with a system and plan of improvements. The enterprise systems must be an established system legally authorized for operation by the County. The County must pledge revenues generated by the debt-finance asset or by the operating system of which that asset is a part.

Short Term/Capital Project Obligations consisting of short-term, capital debt (bond anticipation notes and budget notes) may be warranted if timing, market conditions or other similar circumstances make them more attractive than a long-term bond issue as determined by the County Comptroller in consultation with the County's municipal advisor.

Short Term/Cash Flow Obligations consisting of tax anticipation notes and revenue anticipation notes and typically having a term of twelve (12) months or less, will be used for the purpose of cash flow financing.

Other Financing Arrangements may include installment financings, equipment leases, energy performance contracts or "pay-as-you-go" debt. Installment financings, for example installment purchase contracts, are agreements in which the equipment or property is acquired and periodic payments are made to finance the acquisition. Other examples include funding alternatives provided under financing programs offered by the NYS Environmental Facilities Corporation and the Dormitory Authority of the State of New York.

"Pay-as-you-go" debt includes inter-governmental grants from federal, State and other sources; current revenues and fund balances; private sector contributions; public or private partnerships; and leasing payments.

The County will avoid the use of variable-rate debt for general obligation bond issuances.

Section 6 -– Method of Sale of Obligations

Public Competitive Sale

Under New York State law, bonds issued in an amount in excess of five (5) million dollars to fund a capital project, must be sold at competitive sale. Short-term notes, with a maximum maturity of twelve (12) months, may be sold via competitive sale or negotiation, at the option of the County Comptroller. Upon authorizing a Public Competitive Sale pursuant to the Local Finance Law and related authority, the County shall undertake such Public Competitive Sale in accordance with Section 57.00 of the Local Finance Law.

Private Negotiated Sale

When necessary to minimize the costs and risks of borrowing, or when the expertise of an underwriter is necessary in a volatile market or for a particularly complex issue, the County Comptroller may provide for the sale of debt by negotiating the terms and conditions of sale, including prices, interest rates, underwriting fees and other compensation, as permitted by state and federal law, with one or more underwriters.

Section 7 -– Financial Considerations

The Commissioner shall consider all fiscal conditions of the County to keep the annual debt service at a reasonable and prudent level, balancing the capital and borrowing needs of the County with the resources and the ability of the County to service the debt.

Section 8 - Authorized Professionals

Authorized financial professionals should be recommended by the County Comptroller. Authorized financial professional should be selected and authorized by the Legislature through a competitive bid process or through a request for proposals ("RFP") and follow the County's RFP and contract approval processes and policies. Recommendations of authorized financial professionals may include, but is not limited to, the following:

(1) Bond Counsel

(2) Municipal Advisor

(3) Underwriter

(4) Fiscal Agent

(5) Trustee

(6) Verification Agent

(7) Arbitrage Consultant

Section 9 - Refunding Obligations

Outstanding bonds may be refunded (refinanced) with proceeds of debt sold through either a "current refunding" or an "advance refunding". Outstanding bonds can be "currently refunded" with tax-exempt bond proceeds within ninety (90) days of the outstanding bonds' call date. Outstanding bonds can be "***advance refunded***" with ***Federally taxable*** bonds in advance of ninety (90) days of their call date. It shall be a goal of the County that the savings generated by an advance refunding bond issue be in an amount that is equal to or exceeds three percent (3%), on a present value basis, of the principal amount of the debt being refunded. It shall be a goal of the County that the savings generated by a ***current*** refunding bond issue be in an amount that is equal to or exceeds two percent (2%), on a present value basis, of the principal amount of the debt being refunded.

The IRS does not limit the number of times that the County can advance refund outstanding debt with taxable debt nor does it limit the number of times that debt can be currently refunded with tax-exempt debt.

Initiating Bond Refinancing

The County Comptroller will review, or cause the County's municipal advisor to review, the County's outstanding debt and recommend issues for refunding as market opportunities arise.

Deferral of Debt Service

The County will not refinance debt for the purpose of deferring scheduled debt service unless unique circumstances, are present, as determined by the County Comptroller in consultation with the County Executive. The County is aware that refinancing outstanding debt for the purpose of deferring debt service may negatively impact the County's credit rating. Refinancing debt to generate present value savings is generally considered to have positive credit implications.

Section 10 - Investment of Bond Proceeds

In connection with the issuance of debt, the County Comptroller will provide for the establishment of funds and accounts for the deposit of the proceeds of the debt.

The Commissioner, shall determine the length of time during which the proceeds of debt are to be invested after consultation with the County Comptroller and staff.

Investment of the proceeds of debt issued by the County will be made in accordance with federal and State laws and the County's Investment Policy.

Section 11 - Other Debt-Related Duties & Obligations

Arbitrage and Tax Law Requirements

(1) Prior to any debt issuance, the County Comptroller shall be responsible for obtaining, or shall prepare, a schedule showing the expected timing and amount of expenditures to be made from the project fund funded with bond or note proceeds. This schedule will be used to develop an Arbitrage or Tax Certificate.

(2) The County Comptroller will keep records of the investment of bond and note proceeds and bond and note funds sufficient to develop calculations required for compliance with federal arbitrage rules and other tax law requirements.

(3) The County Comptroller shall be responsible for compliance with federal arbitrage reporting and other tax law requirements. As such, the services of a qualified, professional firm to provide calculations relating to potential arbitrage rebate liability of the County may be retained by the County Comptroller to assist with arbitrage compliance.

Disclosure Documents

The County is required to provide disclosure, generally in the form of an Official Statement, relating to each public offering of debt in an amount in excess of $1 million or with a term exceeding nine (9) months. The County's municipal advisor will have primary responsibility for drafting and preparing the Official Statement, which will be reviewed by the County Comptroller and bond counsel, for each transaction. The County is responsible for providing complete and accurate information included in the Official Statement, and is responsible for the overall content of the document.

Continuing Disclosure Undertakings

Pursuant to SEC Rule 15c2-12, the County is required to provide Continuing Disclosure to investors on an annual basis through the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access ("EMMA") website. Such annual disclosure shall be generally in the form consistent with the Official Statements relating to the County's public offering of debt and its audited financial statements. Working with the County, the County's municipal advisor will have primary responsibility for drafting and preparing such annual disclosures.

In addition, the County undertakes to provide certain material event notices to investors as required under SEC Rule 15c2-12. The County's municipal advisor will prepare and file such notices once informed of the occurrence of such events by the County.